

108TH CONGRESS
1ST SESSION

S. 98

To amend the Bank Holding Company Act of 1956, and the Revised Statutes of the United States, to prohibit financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or real estate management activities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2003

Mr. ALLARD (for himself, Mrs. CLINTON, Mr. SHELBY, Mr. FEINGOLD, Mr. BURNS, Mr. SESSIONS, Mr. HARKIN, and Mr. CORZINE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To amend the Bank Holding Company Act of 1956, and the Revised Statutes of the United States, to prohibit financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or real estate management activities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Choice in
5 Real Estate Act of 2003”.

1 **SEC. 2. CLARIFICATION THAT REAL ESTATE BROKERAGE**
 2 **AND MANAGEMENT ACTIVITIES ARE NOT**
 3 **BANKING OR FINANCIAL ACTIVITIES.**

4 (a) BANK HOLDING COMPANY ACT OF 1956.—Sec-
 5 tion 4(k) of the Bank Holding Company Act of 1956 (12
 6 U.S.C. 1843(k)) is amended by adding at the end the fol-
 7 lowing new paragraph:

8 “(8) REAL ESTATE BROKERAGE AND REAL ES-
 9 TATE MANAGEMENT ACTIVITIES.—

10 “(A) IN GENERAL.—The Board may not
 11 determine that real estate brokerage activity or
 12 real estate management activity is an activity
 13 that is financial in nature, is incidental to any
 14 financial activity, or is complementary to a fi-
 15 nancial activity.

16 “(B) REAL ESTATE BROKERAGE ACTIVITY
 17 DEFINED.—For purposes of this paragraph, the
 18 term ‘real estate brokerage activity’ means any
 19 activity that involves offering or providing real
 20 estate brokerage services to the public, includ-
 21 ing—

22 “(i) acting as an agent for a buyer,
 23 seller, lessor, or lessee of real property;

24 “(ii) listing or advertising real prop-
 25 erty for sale, purchase, lease, rental, or ex-
 26 change;

1 “(iii) providing advice in connection
 2 with sale, purchase, lease, rental, or ex-
 3 change of real property;

4 “(iv) bringing together parties inter-
 5 ested in the sale, purchase, lease, rental, or
 6 exchange of real property;

7 “(v) negotiating, on behalf of any
 8 party, any portion of a contract relating to
 9 the sale, purchase, lease, rental, or ex-
 10 change of real property (other than in con-
 11 nection with providing financing with re-
 12 spect to any such transaction);

13 “(vi) engaging in any activity for
 14 which a person engaged in the activity is
 15 required to be registered or licensed as a
 16 real estate agent or broker under any ap-
 17 plicable law; and

18 “(vii) offering to engage in any activ-
 19 ity, or act in any capacity, described in
 20 clause (i), (ii), (iii), (iv), (v), or (vi).

21 “(C) REAL ESTATE MANAGEMENT ACTIV-
 22 ITY DEFINED.—For purposes of this paragraph,
 23 the term ‘real estate management activity’
 24 means any activity that involves offering or pro-

1 viding real estate management services to the
2 public, including—

3 “(i) procuring any tenant or lessee for
4 any real property;

5 “(ii) negotiating leases of real prop-
6 erty;

7 “(iii) maintaining security deposits on
8 behalf of any tenant or lessor of real prop-
9 erty (other than as a depository institution
10 for any person providing real estate man-
11 agement services for any tenant or lessor
12 of real property);

13 “(iv) billing and collecting rental pay-
14 ments with respect to real property or pro-
15 viding periodic accounting for such pay-
16 ments;

17 “(v) making principal, interest, insur-
18 ance, tax, or utility payments with respect
19 to real property (other than as a deposi-
20 tory institution or other financial institu-
21 tion on behalf of, and at the direction of,
22 an account holder at the institution);

23 “(vi) overseeing the inspection, main-
24 tenance, and upkeep of real property, gen-
25 erally; and

1 “(vii) offering to engage in any activ-
 2 ity, or act in any capacity, described in
 3 clause (i), (ii), (iii), (iv), (v), or (vi).

4 “(D) EXCEPTION FOR COMPANY PROP-
 5 ERTY.—This paragraph does not apply to an
 6 activity of a bank holding company or any affil-
 7 iate of such company that directly relates to
 8 managing any real property owned by such
 9 company or affiliate, or the purchase, sale, or
 10 lease of property owned, or to be used or occu-
 11 pied, by such company or affiliate.”.

12 (b) REVISED STATUTES OF THE UNITED STATES.—
 13 Section 5136A(b) of the Revised Statutes of the United
 14 States (12 U.S.C. 24a(b)) is amended by adding at the
 15 end the following new paragraph:

16 “(4) REAL ESTATE BROKERAGE AND REAL ES-
 17 TATE MANAGEMENT ACTIVITIES.—

18 “(A) IN GENERAL.—The Secretary may
 19 not determine that real estate brokerage activ-
 20 ity or real estate management activity is an ac-
 21 tivity that is financial in nature, is incidental to
 22 any financial activity, or is complementary to a
 23 financial activity.

24 “(B) DEFINITIONS.—For purposes of this
 25 paragraph, the terms ‘real estate brokerage ac-

1 tivity’ and ‘real estate management activity’
2 have the same meanings as in section 4(k)(8) of
3 the Bank Holding Company Act of 1956.

4 “(C) EXCEPTION FOR COMPANY PROP-
5 PERTY.—This paragraph does not apply to an
6 activity of a national bank, or a subsidiary of
7 a national bank, that directly relates to man-
8 aging any real property owned by such bank or
9 subsidiary, or the purchase, sale, or lease of
10 property owned, or to be owned, by such bank
11 or subsidiary.”.

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